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**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
P.O. BOX 1451
Alexandria, Virginia 22313-1451**

Mailed: May 17, 2005

Cancellation No. 92042527

STMicroelectronics, Inc.

v.

Nartron Corporation

Before Hairston, Holtzman and Kuhlke, Administrative Trademark Judges.

Opinion by Kuhlke, Administrative Trademark Judge:

This petition for cancellation was filed on September 9, 2003 to cancel Registration No. 1190527 for SMART-POWER, in typed form, for use in connection with "electrical power circuits in combination with electrical logic circuits and parts thereof," in Class 9.¹ As grounds for its petition, petitioner alleges that: (1) petitioner "manufactures and supplies semiconductors [that] combine power and intelligence on a single integrated-circuit chip"; (2) petitioner "[l]ike the rest of the semiconductor industry...has used the term 'smart power' for many years to refer generally to this type of technology that combines power

¹ Registration No. 1190527 registered on February 23, 1982, Section 8 affidavit accepted, Section 15 affidavit acknowledged, and Section 9 renewal granted, and claiming April 30, 1978 as the date of first use and use in commerce.

transistors and control circuitry on a single integrated circuit"; (3) respondent, in 1998, brought a civil action against petitioner alleging, inter alia, infringement of its registered mark; (4) petitioner, as defendant, in the civil action, asserted, inter alia, the affirmative defense that the SMART-POWER mark is generic; (5) the court in the civil action, on January 25, 2001, granted petitioner's cross motion on summary judgment and held that respondent's "mark was generic"; (6) the District Court's opinion was upheld on appeal to the Sixth Circuit; (7) respondent filed for bankruptcy on December 19, 2002; and (8) on September 9, 2003, petitioner sought and received from the bankruptcy court relief from the automatic stay provisions of the U.S. Bankruptcy Code, 11 U.S.C. § 362, for the purpose of filing this cancellation proceeding to "permit [petitioner] to move forward in its efforts to correct the public record" inasmuch as "[t]hose records are not correct in that the District Court has determined that the mark is generic."² On the basis of the prior court decision, petitioner requests that the registration be cancelled because the mark has become the generic name for the goods for which it is registered.

Respondent, in its answer, denies the salient allegations of the petition to cancel.

² *In re Nartron Corp.*, No. SG 02-14263, slip op. at 2 (Bankr. W.D. Mich. Sept. 8, 2003).

This case now comes up on the parties' cross motions for summary judgment.³ The motions have been fully briefed.

In support of its motion, petitioner argues that respondent is collaterally estopped from asserting that SMART-POWER is not generic when used in conjunction with the combined power and logic circuits identified in respondent's registration. Specifically, petitioner argues that under the doctrine of issue preclusion the Board should find that the term SMART-POWER is generic for respondent's identified goods on the basis of the finding by the United States District Court for the Eastern District of Michigan, Southern Division in a bench ruling in *Nartron Corporation v. STMicroelectronics, Inc.*, Civil Action No. 98-CV-75607-DT (hereinafter *Nartron Corp. v. STM*), as affirmed by the United States Court of Appeals for the Sixth Circuit in *Nartron Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 403-04, 64 USPQ2d 1761, 1765 (hereinafter *Nartron appeal*), that respondent's mark is generic. Petitioner concludes that it is entitled to judgment as a matter of law.

Petitioner's motion is supported by (1) a copy of the complete transcript of the oral argument and District Court ruling addressing the parties' cross motions in the civil action (*Nartron Corp. v. STM*, Transcript of Hearing on Parties' Cross

³ As background, on September 29, 2004, the Board denied respondent's motion for discovery under Fed. R. Civ. P. 56(f) in view of the fact that petitioner's motion is based on issue preclusion, the applicability of which is a matter of law. See *Jet, Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854 (Fed. Cir. 2000).

Motions (September 18, 2000)) (hereinafter Transcript), (2) a copy of the District Court's order granting petitioner's, as defendant in the civil action, motion for summary judgment (*Nartron v. SMT*, Order Granting Motion for Summary Judgment (January 25, 2001)), (3) a declaration by Bruce S. Sostek, counsel for petitioner, attesting to these documents, and (4) a copy of the decision issued by the Court of Appeals for the Sixth Circuit affirming the District Court's grant of summary judgment.

In response to petitioner's motion for summary judgment, respondent cross moves that claim preclusion is the doctrine that applies here and not issue preclusion. Respondent essentially argues that petitioner had the opportunity to request cancellation of the involved registration at the time it filed its summary judgment motion in the civil action under Section 37 of the Trademark Act, 15 U.S.C. § 1119, and thus is precluded now from requesting such relief from the Board under Section 14 of the Trademark Act, 15 U.S.C. § 1064. Specifically, respondent argues that "[t]he doctrine of claim preclusion bars [petitioner's] afterthought claim to cancel the [subject] registration, as genericness is the basis in both the civil action and this cancellation proceeding." Respondent further argues that "if [petitioner] thought [the subject] registration should have been cancelled, it could have asked the District Court in the civil action to cancel the [subject] registration under authority of Lanham Act § 37" and "[h]aving failed to seek

cancellation in the civil action, [petitioner's] new claim before the TTAB is now barred." Respondent argues that the parties to the prior civil action are identical, that there is an earlier judgment and that the claims are based on the same set of "transactional facts."

Summary Judgment Standard

In a motion for summary judgment, the moving party has the burden of establishing the absence of any genuine issues of material fact and that it is entitled to judgment as a matter of law. See Fed. R. Civ. P. 56(c). A genuine issue with respect to a material fact exists if sufficient evidence is presented that a reasonable fact finder could decide the question in favor of the non-moving party. See *Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992). Thus, all doubts as to whether any factual issues are genuinely in dispute must be resolved against the moving party and all inferences must be viewed in the light most favorable to the non-moving party. See *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992).

Respondent's Assertion of Claim Preclusion

Claim preclusion, put simply, bars a second suit based on the same cause of action. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n. 5, 99 S. Ct. 645 (1979). A second suit will be barred by claim preclusion if (1) there is identity of parties; (2) there has been an earlier final judgment on the merits of a

claim; and (3) the second claim is based on the same set of transactional facts as the first. *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 1362, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000).

Here, the identity of the parties and existence of a final judgment are not in dispute. The only question is whether petitioner's affirmative defense of genericness in an infringement suit is the same as a claim of genericness brought offensively under Section 14(3) seeking cancellation of a registration. We believe the core issue of registrability in the cancellation proceeding presents a different set of "transactional facts" for purposes of claim preclusion here. Specifically, as stated by the Federal Circuit, "cancellation requires inquiry into the registrability of the respondent's mark." See *Jet Inc.*, 55 USPQ2d at 1857. See also, *Treadwell's Drifters Inc. v. Marshak*, 18 USPQ2d 1318, 1321 (TTAB 1990) ("claim preclusion not applicable because "civil action was based on a claim of injury resulting from respondent's use of his mark in commerce; the instant claim, however, is a claim that petitioner believes it is damaged by registration of respondent's mark.") The affirmative defense of genericness in the civil action asserted against the infringement claim did not address the registrability of respondent's mark. Moreover, while Section 37 of the Trademark Act empowers courts to provide litigants with the remedy of canceling a registered mark, the Board has

concurrent jurisdiction under Sections 14 and 18. Petitioner was not obliged to seek the remedy of cancellation under Section 37 during its defense against an infringement action and is within its rights to come before the Board under Sections 14 and 18.⁴

In view of the foregoing, we find that the doctrine of claim preclusion is not applicable in this case and respondent's cross motion for summary judgment is denied.

Petitioner's Assertion of Collateral Estoppel

As noted above, petitioner argues that respondent is collaterally estopped from asserting that SMART-POWER is not generic when used in conjunction with the combined power and logic circuits identified in respondent's registration.

Under the doctrine of collateral estoppel, or issue preclusion, if an issue is actually and necessarily determined against a party by a court of competent jurisdiction, that determination is conclusive in a subsequent suit involving the same issue and party. The requirements which must be met for issue preclusion are:

- (1) the issue to be determined must be identical to the issue involved in the prior action;

⁴ Frankly, to find otherwise would lead to the absurd result that a term deemed to be generic by a Federal court would remain on the Principal Register until such time that another plaintiff asserted issue preclusion against respondent, thus defeating one of the main purposes underlying the res judicata doctrines, to promote judicial economy by preventing needless litigation. See Wright, Miller & Cooper, 18 Federal Practice and Procedure: Juris.2d § 4403 (2004). Moreover, petitioner, is, in essence, seeking to effect relief based on a prior judgment and in that regard, that relief can only be effected by the United States Patent and Trademark Office whether under Section 18 or Section 37.

- (2) the issue must have been raised, litigated and actually adjudged in the prior action;
- (3) the determination of the issue must have been necessary and essential to the resulting judgment; and
- (4) the party precluded must have been fully represented in the prior action.

See, e.g., Mother's Restaurant Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 221 USPQ 394, 397 (Fed. Cir. 1983); and *Larami Corp. v. Talk To Me Programs Inc.*, 36 USPQ2d 1840, 1843-1844 (TTAB 1995), citing *Lukens Inc. v. Vesper Corporation*, 1 USPQ2d 1299 (TTAB 1986), *aff'd* Appeal No. 87-1187 (Fed. Cir. Sept. 18, 1987).

Additionally, under the principles of collateral estoppel, a court decision regarding trademark issues may bind a party in later administrative proceedings before the Trademark Trial and Appeal Board.

Respondent, as plaintiff in the civil action, brought an infringement suit against petitioner, as defendant in the civil action, alleging that petitioner "willfully infringed its federally registered trademark in the mark Smart Power." *Nartron Appeal* at 1763. Petitioner, as defendant in the civil action, moved for summary judgment based on, *inter alia*, its affirmative defense that respondent's mark is generic, such that respondent "is not entitled to prevent the defendant's use of the term." *Nartron Appeal* at 1764. In support of its summary judgment in the civil action, petitioner specifically argued that SMART POWER

is the "generic term for an integrated circuit that combines power and logic on a chip." Transcript . 74.

At the conclusion of the oral argument the court granted petitioner's "motion for summary judgment to the defense on the issues of laches and genericness." The District Court found on the issue of genericness that "a good showing has been made enough to render the fact undisputed, particularly when ignorance is all that the plaintiff offers the Court [and] [a] good showing has been made that SMART POWER became a generic term over the 20 years of use in the industry." Transcript p. 99. These findings of fact and conclusions of law, issued from the bench during oral argument, were incorporated into the January 25, 2001 written order issued by the court granting petitioner's motion for summary judgment. Further, the Court of Appeals for the Sixth Circuit stated that petitioner in the civil action had demonstrated "pervasive uses of 'smart power' to identify devices that utilize a certain type of technology, particularly integrated circuits that combine both power and logic." *Nartron Appeal* at 1767.

We find that the issue involved in the prior civil proceeding, whether the term SMART POWER is generic for respondent's goods, is identical to the issue to be determined in this Board proceeding, namely, whether the term SMART-POWER has become generic for "electrical power circuits in combination with electrical logic circuits and parts thereof." Although neither

party addressed this issue, we find that the addition of the hyphen in the registered mark is an insignificant difference which does not avoid the preclusive effect of the prior decision.

Further, the District Court made findings as to the issue of genericness based on the record presented by the parties and, based on those findings, granted petitioner's motion for summary judgment and dismissed respondent's infringement action. In view thereof, the issue of genericness was actually raised, litigated and adjudged, it was necessary and essential to the litigation, and respondent was fully represented in the prior action.⁵

Inasmuch as the requirements for the application of issue preclusion have been met, we find that the term SMART-POWER is generic as used in connection with petitioner's identified goods.

Accordingly, petitioner has met its burden on summary judgment. There is no genuine issue as to any fact that would be material to the question of genericness, and petitioner is entitled to judgment on this question as a matter of law. Petitioner's motion for summary judgment is, therefore, granted, and judgment is entered against respondent on the ground of genericness.

⁵ The fact that the District Court held the term SMART POWER to be generic in the context of infringement rather than registrability is not controlling for purposes of issue preclusion. *Treadwell's Drifters Inc. v. Marshak*, 18 USPQ2d 1318, 1321 (TTAB 1990) citing *International Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 220 USPQ 1017 (Fed. Cir. 1984) ("Issue preclusion serves to preclude the relitigation...whether or not the prior proceeding involved the same *claim* as the subsequent proceeding" emphasis added). Further, summary judgments are decisions on the merits for purposes of

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In view thereof, the petition to cancel is granted and
Registration No. 1190527 will be cancelled in due course.

* * *

issue preclusion. See Wright, Miller & Cooper, 18A Federal Practice
and Procedure: Juris.2d § 4444 (2004).